

The Collection Process

Introduction

This publication is designed to explain your rights and responsibilities when you receive a bill from the Indiana Department of Revenue.

This publication explains what you should do, why the Department sent you a bill (an assessment notice), how the collection process works, and where you can go for help.

What To Do Now That You Have Received A Bill

Check the billing for accuracy and compare the information provided by the Department with your own records. If you disagree with the billing, please address this matter early in the process to avoid future billings. Please keep in mind, however, that if you do not respond by certain deadlines, you may waive your rights and cause your notice to progress to the next liability stage. At each stage, interest is accumulated, and added to your bill as well as additional collection costs. Interest is calculated to the due date of the billing.

Payment Methods



1. The **Electronic Check** payment method, which uses a paperless check, is available. This service may be used to pay any assessments issued by the Indiana Department of Revenue for any tax type. Go to our Web site at www.in.gov/dor/epay select Electronic Services, and follow the step-by-step instructions to make your payment. You will receive a confirmation number and should keep this with your tax filing records. The fee for using this service is \$1.00.

2. You can also pay the amount due on the Internet at: www.in.gov/dor/epay using either a Visa, MasterCard, or Discover credit card. Or you may call toll-free at 1-888-829-3746.



A convenience fee will be charged by the credit card processor based on the amount you are paying, with either method used.

You will need a copy of your bill with your Tax Identification Number (TID) and liability number and/or Case Number. You will also need your credit card information and the amount you wish to pay.

Please retain your confirmation number in your records. There is no need to send anything back to the Department.

3. You may pay by check or money order made payable to the Indiana Department of Revenue.

If a partial payment is made on a billing being protested, the payment will first be applied to any penalty due, then to any interest due, and then to the base tax due. If any additional tax remains due, interest will continue to accrue on that amount. This does not apply to Aeronautics billings. See IC 6-6-6.5-14.

Failure to pay the full amount due will allow additional interest to accrue on the remaining balance. If not timely addressed, the remaining balance may advance to the next stage of the collection process.

If you receive a...

Proposed Assessment you should first review Page 1 of the notice to find out the **type of tax**, the **tax period**, and the **due date**. You should then review Page 2 to learn exactly why the Department issued a notice to you.

You must...

Reply by the due date on the bill. If you do not respond by the due date, the law requires the Department to start collection efforts and you will lose your protest rights.

If you receive...

A Demand Notice For Payment you should be aware of the due date on the bill (you only have 10 days to pay the total amount due). If you cannot pay, you **must** still call or write the Department by the due date.

Failure to properly address either a proposed assessment or a demand notice will generate a tax warrant. A tax warrant may become a lien on your real and/or personal property. It is filed with the clerk's office(s) in the county(ies) in which you hold assets. A tax warrant does not mean you are going to jail; however, the warrant information will appear on any credit report or title search for up to seven years.

You must...

Be aware that you have only two choices at this stage: either pay the total amount due *or* accept the expense and related outcome of a tax warrant being issued.

You should know...

A Tax Warrant For Collection of Tax may become a judgment lien on all of your real and/or personal property. The warrant may be sent to the sheriff's office. **Though collected by the sheriff, this warrant is not a warrant for your arrest.** The sheriff may collect the amount of tax due, plus penalty, interest, clerk's costs, and a collection fee of 10 percent of the base tax due on the bill.

If you do not pay the total amount you owe, the sheriff may choose the method of collection. He may:

- 1) sell your property at an auction;
- 2) garnish your wages; or
- 3) levy your bank account.

The sheriff has up to 120 days to collect the amount due before the Department takes further action (such as turning your account over to a collection agency, etc.).

Why You Have Received A Bill

1. Late Payments

If you made your tax payment after the due date, the Department will add a 10 percent penalty of the base tax due (or \$5, whichever is more), plus interest to the amount due with your payment as required by law (See Exceptions). If you did not include the penalty and interest with your payment, then we will send you a bill showing (a **Proposed Assessment** notice) the penalty and interest that was due when you made the payment.

2. Failure to File

The Department sent you a bill if you were responsible for reporting a tax and did not file a return. We estimated your taxes based on the best information available and then sent you a **Proposed Assessment** notice with a penalty of 10 percent of the base tax due (or \$5, whichever is more), plus interest (See Exceptions). You have 45 days to protest the bill or file a return.

3. Desk Examination

The Department of Revenue checks each tax return for math accuracy and correct amount of payment. After reviewing your deductions, exemptions, and other calculations, the Department sent you a bill (a **Proposed Assessment** notice) if you reported the wrong amount of tax, penalty, or interest due. Using the wrong county rate or calculating an amount incorrectly would be an example of a math error.

4. Audit Findings

By law, the Department must audit a sampling of tax returns each year. If the Department audited your return, you were mailed a copy of the audit report. The Department also sent you a bill (a **Proposed Assessment** notice) that showed any tax, penalty, and interest due.

5. Failure to Pay

If you filed a tax return but did not pay the full amount that was due, the Department sent you a bill (a **Demand Notice for Payment**).

6. Returned Check

According to state statutes, the Department issues a bill if you made a tax payment with a check the Department could not cash. The first notice gives you 10 days to send in the value of the check plus 10 percent penalty (or \$5, whichever is more) of the amount due on the check plus interest. If you did not respond to the first notice, the Department issue a second notice with a penalty amount of 100 percent of the amount on the check plus interest. *All non-sufficient funds checks may be sent to our Special Investigation Unit for criminal prosecution.*

Exceptions:

If you file a late tax return for an Underground Storage Tank, Hazardous Chemical Inventory, Alcoholic Beverage, Cigarette, or a Prepaid Sales Tax there is a 10% penalty added (no \$5 minimum). If you file a late International Fuel and Motor Carrier Fuel tax return, the penalty is 10% or \$50, whichever is more. A late filed excise tax return for aircraft has a penalty of 20% or \$20, whichever is more.

For failing to file a Cigarette Tax return the penalty is \$10 per return. For Special Fuel Form SF-401 the penalty for not filing is \$1,000. Note: These penalties are in addition to any amount that would be due on the tax return. You would still be required to

How To Appeal A Bill

1. Protest

You may protest a Proposed Assessment issued by the Department. You must send or bring in your written protest along with a copy of your notice within 45 days of the issue date. The deadline for filing a protest is important because the Department will not consider protests that are filed late.

If you want to protest only the penalty, you must still file a written protest by the due date. A penalty protest should say that you are protesting the penalty and give your reason. You must sign and date the protest letter. If someone else is protesting on your behalf (such as your accountant or attorney), you must send a properly completed power of attorney form. You must enclose a copy of the notice with your protest letter.

If the bill was issued because you failed to file a return or because of a desk examination, your protest will be reviewed by the division that issued the bill, if received in the 45 day protest period.

2. Representation

You may represent yourself in person or choose someone else you feel is qualified. However, anyone other than you must have a properly completed power of attorney form before any tax matter can be discussed with them. The Department makes available to you a power of attorney form called POA-1 at: www.in.gov/dor/taxforms/pdfs/poa1.pdf or, the Internal Revenue Service power of attorney form (Form 2848) is also acceptable as long as the appropriate state information is provided.

3. Hearings

If you are unable to resolve the contested issue after first contacting the Department, you can ask for a hearing by writing to the Department's Legal Division. You will be sent a letter verifying the receipt of your protest letter. A timely filed protest will automatically put a hold on the Department's collection process; however, interest will continue to accumulate. We will review your file and may request that you provide additional evidence and arguments which support your case. A hearing date will not be set until the Department has a detailed explanation of the reasons for your protest.

4. Hearing Location

The Department schedules hearings at times that are convenient to both the taxpayer and the Department. A hearing with the Department is an informal meeting which gives you an opportunity to present your arguments as to why the tax and/or penalty assessed is not due. You may even request the hearing be held by telephone. We will not settle your protest at the hearing. Within 60 days of either the hearing, or by the last day of the continuance, the Department will issue its decision in a Letter of Findings. The 60 day time limit for issuing a Letter of Findings makes it important for you to submit all of the evidence to be considered before the hearing. If you discover during the hearing that you need more time to gather facts, we may continue the hearing until all the facts can be supplied.

5. Appeals to the Tax Court

If you disagree with the result of the Letter of Findings, you may appeal to the Indiana Tax Court within 60 days. You have two options if you choose to go this route:

Option one: You may request the tax court to prohibit the Department from collecting the tax. You should be aware that interest will continue to accumulate on any tax due.

Option two: If you paid the tax and your claim for refund was denied based on the Letter of Findings, you may appeal directly to the tax court. You have 90 days from the date a refund claim was denied to file suit.

Automated Balance Information

For your convenience, you may contact the Department at (317) 233-4018 from a touch tone telephone to get your liability balance. You will also be given the interest due per day on any unpaid balance.

You should have a copy of your billing in front of you when you call, in order to enter your Tax Identification Number (TID) and your Liability Number. Both of these numbers are necessary to access your account(s).

Additional Questions

When...

You have questions about your first notice, also referred to as a Proposed Assessment.

Contact...

Taxpayer Services
100 N. Senate Ave. #N-105
Indianapolis, IN 46204
(317) 232-2240 (Individual)
(317) 233-4015 (Business)

You have questions about your second tax notice, also referred to as Demand Notice.

Taxpayer Services/
Collection Section
P.O. Box 595
Indianapolis, IN 46206
(317) 232-2165

You want to protest a bill.

The Division shown on lower left corner of Page 2 of your bill.

You wish to request an informal hearing.

Legal Division
P.O. Box 1104
Indianapolis, IN 46206-1104

You wish to use the TAO service.

Taxpayer Advocate Office
P.O. Box 6155
Indianapolis, IN 46206-6155
(317) 232-4692

You wish more information on special fuel or gasoline.

Indiana Dept. of Revenue
Fuel Tax Section
P.O. Box 6080
Indianapolis, IN 46206-6080
(317) 615-2630 (Special Fuel)
(317) 615-2699 (Gasoline)

